

FACT SHEET 05-03

Medicare Prescription Drug Coverage and CHAMPVA

What is Medicare Prescription Drug Coverage?

Medicare Prescription Drug Coverage is a voluntary prescription drug plan that begins on January 1, 2006. Initial enrollment for Medicare beneficiaries begins November 15, 2005, and ends May 15, 2006.

Should I participate in Medicare Prescription Drug Coverage?

Whether or not to participate is a personal decision. However, before you make your decision, we suggest you take into account that CHAMPVA likely offers a more cost effective benefit than Medicare Prescription Drug Coverage, with no monthly premiums.

What are the cost differences between Medicare Prescription Drug Coverage and CHAMPVA?

	Medicare	CHAMPVA
Cost to enroll (premiums)	\$300 per year (this represents an average standard plan as other plans may be higher or lower).	\$0
Catastrophic cap (Your maximum out of pocket expenses)	\$3600 per year and then the greater of \$2 for generics, \$5 for brand name drugs or 5%.	\$3000 per year (this includes prescriptions and all other approved medical expenses, and once the catastrophic cap is met, CHAMPVA pays 100% of the allowable)

What are the Medicare Prescription Drug Coverage deductibles and co-payments for the standard drug benefit and what will I pay?

Your Medicare Prescription Drug Coverage deductibles and co-payments for each calendar year are estimated as:

- The first \$250,
- 25% of total drug costs between \$250 and \$2,250,
- 100% of total drug costs between \$2,250 and \$5,100, and
- The greater of \$2 for generics, \$5 for brand drugs, or 5% coinsurance after \$5,100 in total drug costs.

Medicare Prescription Drug Coverage is OHI (other health insurance) and will pay first. CHAMPVA will then reimburse your co-payment up to 75% of the CHAMPVA allowable amount for covered prescriptions. You will then be responsible for any costs not covered by Medicare and CHAMPVA.

Can I enroll in Medicare Prescription Drug Coverage and still have CHAMPVA coverage for prescriptions?

Yes. Keep in mind that you may have Medicare Prescription Drug Coverage enrollment costs as noted above. Medicare will be your primary prescription coverage and CHAMPVA will pay as secondary coverage.

If I am enrolled in Medicare Prescription Drug Coverage, can I also participate in the CHAMPVA Meds by Mail Program?

No. Enrollment in CHAMPVA Meds by Mail Program is available only for those who do not have any other prescription drug coverage. If you currently are enrolled in Meds by Mail and elect Medicare Prescription Drug Coverage, you will no longer be eligible for Meds by Mail. Your prescriptions must be obtained through pharmacies authorized by Medicare Prescription Drug Coverage.

If I lose my CHAMPVA eligibility and then want to enroll in Medicare Part D, will I have to pay a penalty for not enrolling during the initial enrollment period?

No. CHAMPVA is considered a creditable prescription drug plan. If you choose not to enroll in Medicare Prescription Drug Coverage during the initial enrollment period, you will not be penalized if you chose to enroll at a later open enrollment period. If you lose CHAMPVA eligibility, you will be allowed to enroll in Medicare Prescription Drug Coverage, but you must do so within 62 days of losing your CHAMPVA eligibility to avoid a penalty.

How do I get more information on Medicare Prescription Drug Coverage, such as eligibility, enrollment, and extra help information?

Medicare

- Mail Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244-1850
- Phone 1-800-MEDICARE (1-800-633-4227)
- Website www.medicare.gov

CHAMPVA

- Mail VA Health Administration Center
CHAMPVA
PO Box 65023
Denver, CO 80206-9023
- Phone 1-800-733-8387
Monday–Friday 8:05 a.m.–6:45 p.m. (Eastern Time)
- E-mail hac.inq@va.gov
- Website www.va.gov/hac